

# **COUNTRY REPORT**

**BULGARIA**

*STATE OF DEMOCRACY*

*ROADMAP FOR REFORMS*

2001

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## **STATE OF DEMOCRACY**

The period since 1997 has been one of enormous dynamism and reform intensity. This period can usefully be subdivided into two segments: one encompassing the time until late 1999 and the other stretching to late 2001. The former is marked by the rapid implementation of an extensive reform programme, the enhancement of institutional stability through legal codification and enforcement, extensive public support for reform, firm anchoring of Bulgaria in the EU and NATO enlargement scenarios, stability of party system and little electoral volatility. The end of 1999 and the beginning of 2000 provide a turning point in the recent evolution of Bulgarian democracy. The main reasons for the shift can be sought among the following: the continued inability of the political system to deliver public goods in a setting of extensive economic and administrative reform; emergence of a heightened sense of personal insecurity; subsequent decline in public support for radical reform, continued social and economic stratification exacerbated by persistent perception of improper privatization and distribution of budgetary funds.

### **1997 – 1999 – DEMOCRACY RENEWED**

Following the collapse of the socialist government in early 1997 and the massive street protests which helped bring its downfall, there ensued a time of sustained strengthening of Bulgarian democracy. The emergence of a stable, reformist governing majority swept into power by a massive electoral majority allowed the implementation of a programme of radical reform in economy and society. Macroeconomic stability, resumption of moderate economic growth, extensive privatization and re-structuring and tax reform – these are a few of the items on a loaded agenda of economic reform. These were accompanied by the complete overhaul of the administrative system, reform of the social security system, health care, pension system and educational reform. The country was firmly anchored in the frameworks of EU and NATO enlargement coupled with a very active regional policy. Organized crime was contained and crime reduced over this period. Export of organized crime from the conflict areas of the region was largely prevented. In polity, the values of

Euro- Atlantic integration were further internalized by the political elites. The party system continued to be predictable as the main opposition, socialist party sought to further anchor itself in the reform agenda. Over the period, public support for reform was sustained at comfortable levels.

The latter part of 1999 saw the beginning of a shift in public attitudes. The continued inability of the political system to deliver effectively public goods, the increasing magnitude of economic hardship due to unemployment and restructuring, the low levels of income even for individuals in employment, the extensive reform of all systems of insurance contributed to a heightened sense of insecurity of individuals. This was exacerbated by the continued social and economic stratification further worsened by the persistent perception of improper privatization and distribution of budgetary funds. The governing Union of Democratic Forces (UDF) began to be perceived as an entity firmly divided in camps whose interests are advanced in the process of privatization and government. The sequencing and intensity of reform had abruptly re-defined central social and economic footholds of individuals, thereby placing them in a situation of extreme volatility. These parameters of developments persisted and worsened through to 2001. Individuals found themselves in a situation of extreme volatility of all major systems accompanied by a sudden reduction and visible ineffectiveness of the involvement of the state and consequently reduced their expectations of state and polity to an extent of extreme political detachment and apathy. Thus, in the summer of 2001, the political system found itself in a situation where the support for the two main parties had shrunk to around 20 % each with the remainder of the electorate unwilling to be engaged in politics. There was little credibility for the established political elites beyond their immediate constituents. The vacuum was filled by the movement of the former king, Simeon II on a wave of populism and promise of immediate relief as well as a new morality.

## PRESENT STATE OF DEMOCRACY

The contours of the current state of democracy have already been provided and the present challenges can be examined at four distinct levels: volatility of social

framework, crisis of representation and legitimacy, crisis of values of public interaction and crisis of the political system. These can be examined in turn.

### ***Volatility of Social Framework***

Volatility of social framework has increased due to the continued effects of the misfit between the reform agenda and the short- and mid-term expectations of citizens. The radical and extensive programme of privatization and economic re-structuring has led to unprecedented levels of unemployment and the virtual wipe-out of entire sectors of the economy and the social networks underpinned by economic activity. There has been a systemic process of impoverishment in numerous sectors of economy and society. In addition, there are sectors of society which seem completely unable, in the short and medium – term, to resume employment. Economic recovery has been patchy, in and around the major cities of the country. This has taken place in a context of extreme monetary restriction, which has virtually prevented the employment of many pro-active instruments by the state. The much necessary overhaul of the social insurance, pension and health care systems has resulted in the undermining of basic pillars of social reference and existence, producing enormous personal insecurity and psychological volatility. This has translated into a notable mistrust in the capacity of government to provide a set of services and frameworks which ensure predictability and well – being. In such a mindset, the political is predominantly perceived as the site of improper redistribution and individual enrichment rather than a provider of basic services. Yet, this mistrust has proved compatible with a disposition to expect positive changes in welfare through major, abrupt shifts – mainly through redistribution.

### ***Crisis of representation and legitimacy***

The misfit between the requirements of radical reform and expectations of citizens has already been mentioned. This misfit has been worsened by the delay in reform and by the restrictive monetary framework, thereby further intensifying the negative impact of the shift. The subsequent inability of the political system to deliver public goods

and ensure personal security has led to a legitimacy crisis, which found its expression only in the middle of 2001. This is also a crisis of representation, which is difficult to counter for a series of reasons. Firstly, reforms tend to initially disaggregate groups and interests. This has been highly visible in the creation of a rather amorphous group of “losers of reform”. Secondly, group and interest differentiation proceed with the pace of reform and tend to increase towards the completion of reforms with the crystallization of new configurations of interest and grouping. Thirdly, it continues to be seen precisely what forms representation will assume in settings where previous patterns of social linkage have largely disintegrated and economies have been de-industrialized.

There is a larger question that needs to be highlighted here. It is the question of the actual structure of post – transition society and its modes of representation. Structure here could be defined through income, distribution of employment, value frameworks, etc. Bulgarian transition has produced a society largely depleted, through emigration, of its most active and innovative members, a large group of unemployed people through de-industrialization, a slowly expanding, city – based entrepreneurial group of individuals and a large group of retirees. While this is a sketchy description, it provides the elements of post – transition society. The 2001 UNDP Report on Human Development provides an adequate snapshot of structure by employment. 20 % of the people are employed in services while 12.1 % are employed in industrial production. 4.4 % of all individuals own their businesses and only 2.2 % derive their income from employment in agriculture. 2.4 % define their occupation as housewives while 2.1 % are employed in either seasonal work or in what they define as casual work. A full 35.4 % of the population consists of retirees while 16.5 % are unemployed. 4.1 % are either in school or in higher education. What emerges is a diverse picture of employment with very high numbers of people who are either past their retirement age or unemployed. On the other hand, the number of individuals in industrial production has declined notably while employment in services, as share of total employment, has continued to rise. Organization membership provides a further important dimension. Only 10.5 % of the population is members of a trade union. Within this percentage, individuals in state and industrial employment are much more likely to join a trade union. Those individuals employed in the private sector and in service industries are much less likely to join such organizations. Given the steady

decline in state and industrial employment, the catchment area of unions and their capacity to represent effectively their membership will further decrease in importance.

Other trends in group membership confirm the reluctance of citizens to participate in collective forms of organization. 8.1 % of the population is members of a political party while 4.8 % have joined their local cultural centers. 4.6 % are participants in the work of non – governmental organizations and 4.1 % have joined various clubs. Importantly, only 2.3 % have become members of their professional or business organizations. Low membership undermines both the capacity of these organizations to ensure effective representation and their legitimacy within the very communities they seek to represent.

This attitude is confirmed by the opinions of respondents in relation to intermediary structures. For instance, only 12 % of individuals hold the opinion that non – governmental organizations defend public interests while 15 % are firmly convinced that these organizations seek to protect solely their own interests. Similar distrust in the actual protection and representation of interest can be found for other intermediary institutions. A reflection of the sense of distrust in intermediaries can be detected in the opinions of individuals on the reasons for civic non – participation. 85.6 % of respondents hold the view that “they will not be heard” while 75 % find a tendency whereby a few individuals “hijack the agenda” to their own benefit. 69.2 % of all individuals do not recognize an institution, which is sufficiently capable or willing to represent their views in the public arena. When they have a grievance, 51.7 % simply do not know which institution to approach.

It will come as little surprise that in such a setting, citizens have a marked preference for direct engagement. Asked which institutions they would rather have as their representative, almost 44 % of all respondents in the UNDP 2001 Report express their preference for the local media. Around 30 % would prefer their union to be the active part while 29 % expect their local cultural center to be the subject of interest representation. On the question of forms of engagements, an interesting statistic appears. 68.7 % of all individuals find referenda as very appropriate in conveying opinion while 68.2 % find elections as the most suitable means. Surveys are the preferred option for 40.1 % of the people while 36 % are in favour of public meetings

and discussions. It is interesting to note that a large group of people (around 42 %) recognizes the need to organize collectively in order to present a bill to Parliament. Further evidence of the preference for direct engagement can be found in the attitudes towards the Ombudsman. While there is insufficient awareness of the precise functions of the Ombudsman and its location in the system of institutions, there is widespread support for its introduction. Only 24.7 % of respondents think that there are a sufficient number of institutions that deal with grievances. A full 75.3 % hold the opinion that there is a clear need for the institution of the Ombudsman.

The issue of emigration has been touched upon only briefly. Yet, this has proven to be a central feature of the evolution of society over the past 12 years. While estimates on emigration vary, a consensus seems to exist that close to 1 out of 10 people have left the country since 1989. Understandably, this has mostly involved individuals in the 18 – 30 age group. Moreover, there is now a persistent propensity to view emigration as one of the major options for personal development. According to the UNDP 2001 Human Development Report, 36.5 % of all respondents express a readiness to leave the country with the remaining 63.5 % declaring no intention to emigrate. It should be noted that only 8.5 % of those declaring an intention to emigrate do not intend to return to the country. The remaining 28 % seem more interested in short – term emigration, possibly linked to potential employment in another country. The statistics for the 18 – 38 age – group do, however, present a worrying picture. 67.7 % of respondents from this age – group declare their intent to leave the country. 18.8 % of those declare that they do not intend to return. The remaining 48.9 % express an interest in emigration, which is short – term and purpose – oriented in nature.

What has emerged is a society distrustful of intermediaries and with a distinct preference for direct contact with administration and government. It is a society whose members see little purpose or utility in group membership. In economy, they either seek employment in the public sector or prefer complete self – reliance. In society, they spend little time or effort beyond the nuclear or extended family. In such a setting, it remains a challenge to define the forms and modes of functioning of representation, which would enhance democracy. Clearly, we are not witnessing the emergence of the classical modes of representation around employment, religious and political affiliation. This accounts partly for the difficulties in representation and



legitimacy in the post – transition period. The introduction and improvement of functioning of the forms of direct engagement are one likely source of greater system responsiveness. New skills of the political and administrative elites seem to be required in a situation where interest aggregation and representation are diffuse and emerge in new ways.

The crisis of representation has been exacerbated by the continued ineffectiveness of public administration and the judicial system. The system of public administration has undergone a transformation, which was long overdue. The adoption of a comprehensive package of legislation introducing clear criteria for entry and promotion, paths for career development, clear separation between the administrative and political levels and stability of legal norm has been very useful. Nevertheless, this process has not halted the continued ineffectiveness of administration and the provision of services. Citizen interaction with public administration remains a source of dissatisfaction. The judicial system has been marred by numerous allegations of corruption and systemic inability to handle grievances in a manner, which ensures fairness. Backlog, inefficiency and lack of transparency have meant that access of justice has been severely limited. As a result, one of the main structures of a functioning democracy, ensuring the rule of law has been severely discredited in the opinions of citizens.

### ***Public Interaction***

At another level, these phenomena have contributed to a volatility and crisis of core values of public interaction and life. Decline in the basic trust of public interaction, in the ability to define a meaningful time perspective, decline in trust in its sustainability, volatility of pillars of social reference, undermining of the trust in the capacity of public interaction to effect change – these features of society have produced an environment of intense discontent with an irrationalist twist. The ensuing extreme anxiety and personal insecurity produce a situation where rational public and policy discourse and expectations are superceded by a disproportional, irrational expectation in “magical” interventions, which will lead to sudden change of fortune. In addition, these circumstances re-activate modes of traditional interaction. We see the re-emergence of the traditional, immediate, inter – personal, family – based mode

of solidarity. What emerges is a mixture of traditional solidarity and extreme individual atomization in any circumstance beyond the familial. The main expressions of this disposition include the following: tendency to abstain from public and political activity and abstention from voting; increasing volatility of electoral behavior among those groups with weak party identification and tendency to invest a disproportionate amount of expectation in populist, “quick – fix” political programmes followed by intense disappointment upon failure to deliver in the very short – term.

On another note, it continues to be difficult to see the “march through the institutions” of the “1989-generation”. The involvement of the groups and individuals who were at the center of political change at the turn of the decade has been sporadic and difficult to evaluate. To derive an adequate understanding of social change, it is important to be able to evaluate the roles that new generations have played in society, polity and economy. It is crucial to examine the impact that such groups have had at the level of professional communities, administrative institutions, political parties, in business – in all walks of life. Such knowledge has been difficult to obtain through sociological surveys. Change at the level of small groups could rather be examined through anthropological analysis. An estimate of the extent to which new generations have been able to influence the assumptions, values and modes of functioning of various groups and levels of social life could provide important insights.

### ***Crisis of the Political System***

In politics, the above – mentioned phenomena have been translated into support for a type of legitimacy based on personal charisma. In 2001, this has been personified by the former king, Simeon II whose movement was swept into power during the elections in June. His “National Movement Simeon II” managed to attain a level of electoral support in the 40 percentile in just over two month’s time. Such movements are a pre-party form of political organization whose cohesion is ensured by personal charisma rather than commonality of vision or interest. In most instances, such movements are predicated on corporatist assumptions about social and political organization. As such, they often espouse an anti – party ideology, positing a critique of factionalism and lack of unity of purpose. The movement of Simeon II claims that

it seeks to bring forth a deeper, truer reality of the social body and give expression to its aspirations. The movement employs an organic type of discourse, its whole presence ultimately posited on a father – figure who is in possession of a unique capacity of knowledge, direction and means. The reluctance to register the movement as a political party then comes as little surprise. The insufficient democratic mechanisms within the movement and its Parliamentary group are another notable feature. Personal charisma is notoriously prone to volatility and is most often short – term in nature. The level of support for the movement has decreased markedly within less than four months in office. According to the UNDP 2001 Report, just over 22 % of the electorate would support the former King were elections to be held in November 2001. The rate of approval for his government has also slumped. According to the December 2001 Survey of Alpha Research, a sociological survey agency, the current rate of approval for the government stands at 56 %. This is to be contrasted to the 81 % rate of approval in the month of August 2001. While the level of support for the government of the charismatic figure of the former King might be expected to stabilize for the short – term, it is crucial for institutions and political parties to begin to function effectively in order to restore at least a semblance of rational, legalistic legitimacy.

Another element of this crisis is to be found in the emergence of political apathy. Notable electoral apathy has already been evident in the Presidential election in November 2001 (42 % turnout in first round and 55 % turnout in second round). In December 2001, the new mayor of the city of Sliven was elected with 13 % of the vote. As has already been mentioned, there is an increase in the reluctance of citizens to engage in civic and political action. What is emerging is the perception that only through direct engagement can one reasonably expect to obtain desired outcomes. The salience of such a disposition can have important political implications. One might involve further erosion of the legitimacy of intermediary institutions such as political parties. A further consequence might involve the increase in degree of citizen readiness for direct action and immediate expression of discontent. Short – term, it has implications for parties in transition or initial structuring. This would entail the adoption of strategies of dialogue and interaction with citizens and groups at the local level and on specific issues. Still, the readiness to participate in elections remains relatively high. According to the 2001 UNDP Report, 62.7 % of respondents confirm

their firm intention to vote in a next round of elections. Only 10.6 % definitely intend to stay away from the polls while 21.9 % are undecided and are still to make their choice.

As implied, viable political parties are a crucial element of stable democracy. The party landscape is presently in need of urgent reconstruction. The parties have been very ineffective in aggregating interests and ensuring compatibility of the reform agenda with the emerging stratification of society. They have also been largely unsuccessful in recruiting able individuals to senior party and policy positions, thereby creating an image of politics as a field for failed or prematurely retired professionals from other walks of life. The Union of Democratic Forces (which governed the country between 1997 and 2001) has managed to survive the electoral onslaught incurred to governing right – wing parties of reform in countries such as Poland and Romania. At the June 2001 election, it still managed to capture 18 % of the votes. The patterns of group configuration within the party are presently being played out once the “glue of government” is no longer there. This has meant the establishment of a new splinter party – the Union of Free Democrats. There is a clear need for change of leadership, recruitment of local informal and formal leaders, widening of its appeal to individuals who have not been among the “winners” of the transition and translating the language of EU and NATO integration into a tangible, perceivable reality.

The left Bulgarian Socialist Party also continues to face a number of challenges, including the need to renew its leadership structures with individuals possessing solid social – democratic credentials, the need to reach beyond its narrow electoral base of retirees and unemployed and to ensure compatibility between the reform agenda and the immediate aspirations for significant re-distribution among many of its voters. At the June 2001 election, it gained 17 % of the vote.

The governing movement of Simeon II has declared its firm intention to register as a political party. The movement faces a number of difficulties: establishment of clear, recognizable set of ideas, creation of structure which ensures sufficient cohesion beyond the personal charisma of the leader, containment of emerging competing camps, establishment of mechanisms to ensure separation of party structures from

those of government, etc. The challenges, facing parties as institutions of democracy have already been highlighted. There will be little long – term stability of the democratic system without a successful attempt to establish modes of dialogue and representation vis-à-vis a skeptical public with a deepening disposition to “go it alone”.

The Bulgarian party system has long been described as a two – party system with a significant ethnicity – based party, which may hold the balance of power in situations of electoral proximity between the two major parties – the Union of Democratic Forces (UDF) and the Bulgarian Socialist Party (BSP). Quite clearly, the emergence of the national movement of Simeon II and its success at the last Parliamentary elections have led to a radical disruption of the party system. The previous two main parties have collectively gained less than 40 % of the total vote. Nevertheless, it is still unclear whether the last elections represent an aberration or a sign of systemic change. It remains to be seen if the movement of the former King does have a future as a political party or whether difficult reform and governmental instability might not lead to a fragmentation and subsequent distribution along the axis of the UDF – BSP. The clear split of the vote at the last Presidential elections between the candidate of the BSP, Mr. Georgi Parvanov and the incumbent President, Mr. Petar Stoyanov, supported by the UDF, seems to point in this direction. Yet, the increasing number of voters who change allegiance and the reduction of size of the core of the vote for the two main parties do suggest an opening for new political parties.

A distinct feature of the present state of democracy is the increase in electoral volatility. It has already been mentioned that the previous main parties gained less than 40 % of the vote at the June 2001 Parliamentary elections. The reduction of the core vote of the two main parties since 1989 has already been well documented. Clearly, there is a process of weakening party identification. There is further evidence of volatility. Respondents to the 2001 UNDP Report were asked if they had voted for the same political party at the last two Parliamentary elections. Only 35.4 % of the voters responded in the affirmative while 32.7 % stated that they had supported different parties at the last two elections. The increasing propensity of voters to change allegiance and the increasing number of individuals who decide how to vote during the pre – election campaign point to a steady increase in volatility. This will continue to make elections less predictable. A somewhat unrelated issue does provide

some clues as to what type of political parties are likely to enjoy electoral prominence. Respondents to the 2001 UNDP Report were asked to decide on the proper mode of decision – making for the compilation of party election lists and 51.9 % of them regarded public meetings open to all citizens as the best mode of choosing party candidates. Only 8.3 % of the interviewed thought that these decisions should best be left to the party leadership and a meager 1.7 % thought that the party leader is best placed to make these decisions. Such attitudes do suggest that the capacity of parties to manage to conduct effective dialogue with citizens and social groups and propose detailed policies will receive electoral backing. Party identification and ideology seem to matter less to an increasing number of voters.

The appearance and present prominence of the movement of the former king Simeon II brings into focus yet another important issue – the continuation and replacement of political elites. Public opinion is often at odds with itself on this question. On the one hand, voters quickly grow tired of the political elite as reforms begin to take their toll and a demand for partial replacement of the political elite gain in prominence. On the other hand, voters do want to see the emergence of a competent, professional and stable political elite, which is capable of good government. The perceived exhaustion of the political programmes of the UDF and the BSP and the appearance of the movement of the former King has also meant the partial replacement of the political elite of the country. A number of young professionals have been appointed to positions of high rank in the present government while an entirely new group of individuals from various walks of life have entered Parliament. It is too early to assess whether these are new, long - standing members of the political elites or individuals solely in pursuit of private aims by political means. The BSP has just appointed a 35 – year old, reform – minded person to lead the party and the UDF will be electing a new leader in early 2002 with the intention to bring forth younger, less well – known individuals of the post – 1989 generation. It is quite clear that the ability of parties to continually bring forth capable, fresh recruits to the political elite will enhance the stability of the political system and will help ensure a proper balance between stability of elite, capacities of good government and responsiveness to social expectation.

## CAVEATS

Caveats are needed. The described series of crisis are of an entity in democratic consolidation rather than democratization. These are crises produced by the consequences of democratic and market reform rather than by the dynamics of democratization. They are a product of implementation rather than suspension of reform. Some of the causes are inherent, while others reflect the pace and mode of management of reform.

A central implication of the analysis is that the present difficulties could usefully be considered within the conceptual framework of theory of development rather than theory of democratization. This will take into consideration that democracy is being consolidated and that the success of this enterprise will be further ensured by a series of measures, which produce growth and development. In other words, the above – described crises do not constitute a systemic threat to democracy. They do, however, represent a threat to the capacity to continue consolidation and reform at a sufficient pace which, coupled with a developmental approach, will ensure long – term stability of democracy. In addition, this observation takes into consideration the fact that the most difficult decisions of reform have already been taken and that the post – transition contours of democracy and economy are firmly in place. Public support for EU and NATO membership remains to be solid and successive governments have implemented policies of responsible and constructive international and regional engagement.

The regional context also needs to be highlighted. Bulgaria has withstood pressures emanating from the regional areas of instability and conflict. Spill – over effects such as international organized crime have been contained and do not constitute a significant source of instability. Nevertheless, continued strife and volatility hinder the emergence of a regional context where democracy and development will constitute the main grid of interaction. In this sense, persisting conflict and weak statehood do have a negative impact on the efforts of Bulgaria to attain integration in Euro – Atlantic institutions and sufficient level of development.

Events and developments over the last few years have led to the emergence of a specific mindset. Prolonged reform and the concentration of the most radical elements of reform within the short timeframe of the last four years have contributed to a heightened sense of personal insecurity and volatility. This has produced, on the one hand, a deeply skeptical public distrustful of intermediaries and, on the other, a disposition of continued expectation of growth and advance through abrupt, major shifts in economy and society. If persistent, such dispositions could have an extremely negative impact on democracy beyond the odd instance of support for personal charisma. The potential impact of these dispositions on electoral support distribution, readiness to engage in direct protest, readiness to challenge the reform agenda, etc. has already been highlighted and needs to be observed closely.

Due attention should be given to another phenomenon. There is, at present, a firm perception that transition ends with integration in the Euro – Atlantic institutions. Whether this is an adequate analytical evaluation cannot be examined presently and will be of little relevance to public perceptions. What has emerged is the conviction that membership seals the processes of transition to democracy and market economy and constitutes the final act of legitimation to the transition project. This perception has provided an important pool of patience as the reform agenda was being implemented. From this point of view, a double disappointment vis-à-vis Bulgaria's bids for EU and NATO membership in 2002 could have a serious destabilizing effect. There is sufficient public awareness of the fact that there is no complete overlap between the agendas of reform and Euro – Atlantic integration. Thus, a disappointment in 2002 might have as a consequence the increased insistence on the divergence between the agenda of reform and these of Euro – Atlantic integration.



## **ROADMAP FOR REFORM**

The above-made analysis and caveats form the background of a possible roadmap for reform. The suggestions for reform may be divided in various segments:

### **I. Reforms in politics and government**

- Re-legitimation of democratic institutions and political parties. This task might be accomplished by enhancing the capacity of parties to aggregate social and economic interests and ensure sufficient and effective representation. One avenue to be explored is that of improved dialogue on policy with branch and interest organizations as well as civic organizations. A further important task could be the enhancement of parties and their leadership to present policy measures in terms, which relate and link policies to social groups and citizens. The opening of parties to civil society and local communities is yet another area of reform. Recruitment to political and administrative office of capable members of local communities is of particular importance.
- A political debate on the effective scope of state and governmental intervention. While the extent of state intervention is a vital distinguishing characteristic of politics, it is necessary to define the minimum of public services, which can be supplied effectively and usefully. Special care will then need to be taken to ensure that such services are provided in a manner, which strengthens the perception of government as an effective tool.
- An open process of policy formulation and implementation. This entails improving the capacity of Parliament and Executive (ministries and other state agencies) to conduct dialogue with interested parties in the process of policy formulation and implementation. It will ensure better representation of interests and provide important feedback on the effectiveness of legal norms and the need to modify them.
- Increased intensity of efforts to ensure integration in Euro – Atlantic structures. This will allow the benefit of membership to begin to take its

course and will, at the same time, provide more space for government in policy formulation and structuring of agenda.

- A system of governance, which is closer to the citizens of the country. This will entail a measured reform of local government providing tax collection and management powers to this layer of government, thereby ensuring a greater degree of decentralization. A further option is the introduction of an Ombudsman at the various level of government ensuring direct points of entry for citizens.
- Improvement in functioning of administrative structures. Further efforts to improve administrative capacity and effectiveness in the provision of public services through introduction of managerial techniques and qualitative and quantitative measurements of efficiency. A further option is the introduction of greater transparency in all state agencies relating to monetary collections and the reduction of administrative hindrances to market entry and economic activity.
- A strategy for further training of local political and administrative elites, thereby ensuring successful decentralization. This will involve the elaboration of multi – faceted programmes for management training, political and administrative skill, public dialogue, representation of interest, etc.
- Continued attention to improvement of the actual exercise of civil and political rights and implementation of policies, which facilitate the exercise of the rights protected by the Constitution. Effective access to justice needs particular attention.
- Completion of the reform of the judiciary. This will have a positive impact on economic activity and ensure access to justice for citizens. Particular emphasis will have to be placed on the streamlining of court administration, greater efficiency, better knowledge of EU and international law, training of judges, etc.
- Implementation of a comprehensive strategy to tackle corruption, which could be linked to the reform of the judicial system. This will entail effective enforcement of legal provisions, successful prosecution of corruption – related criminal acts, adequate administrative structures,

decreasing tolerance to corrupt practices, sustained engagement by the media, etc.

- Continued extension of practices of political dialogue and linkages between the largest political parties and the Movement of Rights and Liberties whose main constituents are of Turkish ethnic origin. Continued dialogue with political and non – political organizations of the Roma minority.
- Drafting and implementation of pro-active media strategies by state agencies ensuring improved policy understanding. This will entail greater attention to explanation and justification of policy decisions through the media and professional and interest organizations.
- Sustained assistance to local cultural centers. This could be done through targeted tax exemptions, a system of moderate direct subsidies, information campaigns, etc.

## **II. Reforms in economy and society**

- Introduction of a moderate policy of demand stimulation while ensuring the preservation of the currency board until Bulgaria joins the EU. These might entail targeted tax preferences, public works, training of unemployed, state guarantees for loans, infrastructure investment, etc.
- Implementation of a policy of export support for Bulgarian companies and a policy of support for certain growth industries in the country. Support could be extended to industries, which show growth potential, employ large groups of individuals and represent significant contributors to the state budget.
- Implementation of a tax and incomes policy, which allows individuals to maintain high levels of disposable income in a context of notable mistrust in the capacity of institutions to deliver public goods. This is to be accompanied by stability of legal and institutional framework in the functioning of the reformed systems of social security, health care and pension.

- Concerted attempts at foreign debt re – scheduling, which would notably decrease budgetary pressures and provide funds for demand stimulation. These efforts are to be coupled by prudence in the use of bond issuance as a means of capital accumulation.
- Completion of the process of privatization through a series of transparent deals bringing to an end this element of reform. The completion of privatization will lead to a reduction of the potential sources of corruption. This is to be coupled with further reform in public procurement legislation and its implementation.
- Further improvements in investment policy, including tax preference, improved and simplified administrative infrastructure, efficient judicial system, etc. Such measures might additionally be targeted at growth sectors of the economy, which have the potential to generate long – term, high – income employment. An additional element would involve a region – by – region approach, thus tackling the enormous disproportions of employment within the country.
- Implementation of sustained regional policy, which takes into consideration the vast regional disparities in economic opportunity and development. In addition to tax preference, this could entail state support for information campaigns in foreign countries representing the investment opportunities in particular regions.
- Encouragement of dialogue with trade unions and branch organizations and groups of interest ensuring better representation and trust in the political system. This will entail consultation in the process of drafting and implementation of legislation, impact analysis of legislative and policy measures and post – policy adoption dialogue, thereby ensuring a more inclusive mode of governance.
- Encouragement of further investment in the media by well - established international media companies, thereby improving the level of political and policy debate. This will contribute to further diversity of informed opinion and greater presence of non – sensationalist programming and publications. Increased attention to the work of the local media represents

an important new element. Greater dialogue between central and local government and the local media also deserves due attention.

- Continuation and expansion of all programmes of minority integration, short of positive discrimination, including additional appointments in local administration and law enforcement structures. This could involve the extension of “community policing” to all regions of the country.
- Training programmes and “Stay in school” programmes for ethnic minorities coupled with possible public works projects for targeted regions and cities. These programmes could be conducted in consultation with local businesses and in accordance with local labour markets.